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June 20, 2024

VIA ECF

The Honorable Christopher M. Lopez
United States Bankruptcy Court for the Southern District of Texas
Courtroom 401
515 Rusk
Houston, TX 77002

Re: Diamond Sports Group, LLC., et al., Case No. 23-90116 (CML)

Dear Judge Lopez:

I write on behalf of Cox Communications, Inc. in advance of the status conference scheduled for Friday, June 21st at 9:00 a.m. Central Standard Time. Over the past two days, the Distributors,¹ the Debtors, and MLB have tried to resolve the one issue left unresolved by Tuesday's status conference: What information related to MFNs will be provided and how. Those efforts have been unsuccessful. However, after considering the issues the Court raised on Tuesday, the Distributors have a proposal that they believe solves the Court's concern, gives MLB what it needs to litigate Plan confirmation, and protects the Distributors' commercially sensitive, highly confidential information directly applicable to negotiations between the Leagues and the Distributors now and in the near and foreseeable future.

At the Emergency Status Conference on Tuesday, June 18th, the parties and the Court discussed two issues: (1) historical and projected revenue information, and (2) MFN information. As to the revenue information, the Court agreed with the Distributors that the information should be aggregated across distributors and markets, subject to MLB's right to revisit should depositions reveal that more information is required. As to the MFNs, the Court heard the Distributors' and MLB's arguments, reserved judgment, encouraged the parties to try to reach an agreement, and scheduled a follow-up status conference for tomorrow to resolve the issue.

¹ Capitalized terms not defined in this letter have the meanings given to them in Diamond Sports Group, LLC, et. al.'s Emergency Motion for Discovery Conference (ECF No. 2175).

Yesterday (June 19th), MLB made the proposal attached as **Exhibit A**. MLB proposed that if the Distributors agreed to provide revenue information “on an individual Distributor basis” (notwithstanding the Court’s instruction on Tuesday), and agreed to provide “the contractual language of any other existing contractual provision that is or could be impacted by the application of the Most Favored Nations provision (*i.e.*, rate by territory, carriage or tier terms, minimum pay-ons, DTC rights, rebates, etc.),” then MLB would agree to accept on a “professional eyes only” basis the MFN information that it previously requested.

Today (June 20th), the Distributors proposed the following to MLB:

For current agreements, the forms of any MFNs directly affecting rates (including volume and penetration discounts, but excluding MFNs related to bad debt allowances, channel placement discounts, launch support, marketing spends, and similar ancillary MFNs that may indirectly affect rates). Such MFNs to be provided on an anonymized (*e.g.*, certain non-economic terms that would otherwise reveal the distributor’s identity) and outside-professionals’-eyes-only basis, and any outside professional who has access to the information cannot be involved in negotiating agreements with the Debtors or Distributors for a period of four years.

A copy of the Distributors’ proposal is attached as **Exhibit B**.

It took MLB less than 30 minutes to reject the Distributors’ proposal. In the reply, attached as **Exhibit C**, MLB claimed that the Court did not rule on whether revenue should be aggregated across providers (subject to MLB’s right to revisit after depositions), and rejected the Distributors’ proposal out of hand without articulating how it failed to provide MLB the information that it needs to pressure-test the Debtors’ financial projections.

The Distributors respectfully submit that the proposal they made solves the Court’s concern with respect to the MFNs and clears the path to the confirmation hearing.

Respectfully submitted,

/s/ Stuart R. Lombardi

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